

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Application of Southern California Edison Company (U 338-E) for Authority to Institute a Rate Stabilization Plan with a Rate Increase and End of Rate Freeze Tariffs.	Application 00-11-038 (Filed November 16, 2000)
Emergency Application of Pacific Gas and Electric Company to Adopt a Rate Stabilization Plan.  (U 39 E)	Application 00-11-056 (Filed November 22, 2000)
Petition of THE UTILITY REFORM NETWORK for Modification of Resolution E-3527.	Application 00-10-028 (Filed October 17, 2000)

**ASSIGNED COMMISSIONERS' RULING  
AND SCOPING MEMO**

This Ruling and Scoping Memo determines the schedule of this proceeding and the issues to be addressed, consistent with the requirements of Rule 6.3 of the Commission's Rules of Practice and Procedure. This proceeding is categorized as ratesetting, evidentiary hearings are necessary, and Administrative Law Judge Peter V. Allen is designated as the principal hearing officer. (Rule 6(c)(2).) The *ex parte* procedures in Pub. Util. Code § 1701.3 are applicable to this proceeding.

## **Schedule**

The schedule of this proceeding was addressed at a Prehearing Conferences (PHC) on September 4, 2002. We have considered the input of the participants, both in their PHC statements and at the PHC. Regardless of the size and complexity of this proceeding, and the corresponding need for thorough and careful analysis, we are bound by a 120-day timeline. The following schedule is an effort to balance these competing requirements.

August 19, 2002	Revenue Requirement delivered
September 12, 2002	ED workshop
September 13, 2002	Cutoff of initial discovery to Department of Water Resources(DWR) <sup>1</sup>
September 23, 2002	Testimony
September 30, 2002	Rebuttal testimony
October 2-4, 2002	Evidentiary hearings <sup>2</sup>
October 11, 2002	Opening briefs
October 18, 2002	Reply briefs
November 15, 2002	Proposed Decision
December 5, 2002	Comments
December 10, 2002	Reply comments
December 17, 2002	Last date for Commission action

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<sup>1</sup> Parties may propound follow up or clarification discovery after this date.

<sup>2</sup> If additional time for hearings is required, October 7 will be reserved. If October 7 is used, there will not be any change to any date set for briefing.

### **Interaction of Schedule and Scope**

Pacific Gas and Electric Company expressed concern at the PHC about the short time between direct and rebuttal testimony if the prepared testimony of other utilities contained “fairly detailed proposals on allocation, including proposals based on extensive background data and modeling runs and other information.” (Tr. p. 446, lines 17-28.) This is a reasonable concern, and the Commission wants to make sure it has a fully developed record on any proposed allocation method. The only allocation methods we are currently intending to consider in this proceeding are what have been referred to as “postage stamp” allocation, “costs follow contracts” allocation, and the “status quo” allocation previously approved by the Commission in Decision (D.) 02-02-052.<sup>3</sup> We will allow parties to propose additional allocation methods, but in order to ensure that all allocation proposals are adequately addressed, we will add an additional procedure.

Any party that will be recommending any allocation method must file and serve a notice no later than September 13, 2002 containing the following information: 1) if the party will be recommending one of the above allocation methods, it must identify which one; 2) if the party will be recommending any other allocation method, it must provide a full and clear description of that allocation method; 3) any party that has performed or will be performing any modeling runs or has asked or will ask DWR to perform any modeling runs in

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<sup>3</sup> Subsequent events may have resulted in the Commission’s adopted allocation in D.02-02-052 becoming effectively the same as a “postage stamp” allocation. Parties recommending either the status quo or postage stamp allocations should address this issue in their testimony.

support of its recommended allocation must identify such runs or requested runs by date.<sup>4</sup> This should allow parties to obtain discovery and otherwise prepare rebuttal testimony on the issue of allocation.

Parties expressed some concern over the possibility of a “moving target” as a result of possible changes or updates submitted by DWR. However, DWR appears to have significantly addressed such concerns. First, counsel for DWR stated that DWR has no current plans to supplement its filing, other than in response to Commission requests. (Tr. p.434, line 18 – p.435, line 4.) In addition, DWR stated that the contract allocation currently pending before the Commission in R.01-10-024 would not change DWR’s revenue requirement. (Tr. p.453, lines 19-24.)<sup>5</sup>

### **Scope**

The scope of this phase of this proceeding includes the following issues:

- 1) The Commission will calculate and impose power charges sufficient to satisfy DWR’s revenue requirement, and will require disbursement of the proceeds of the power charges to DWR. Parties should address how the Commission should perform this process. Parties may use

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<sup>4</sup> If the modeling run has not occurred yet, please provide an approximate expected date.

<sup>5</sup> DWR had previously suggested that it would submit information on the breakdown of fixed versus variable costs on 9/20/02, anticipating a Commission decision in Rulemaking 01-10-024 on 9/19/02. Given the schedule of this proceeding and the nature of and need for the information, DWR agreed to so the work necessary to provide that information by 9/12/02, if not before. (Tr. p. 449 lines 4-24.)

the upcoming workshop and/or discovery to ensure that they understand and can address this issue in an informed manner.<sup>6</sup>

- 2) The Commission will allocate DWR's revenue requirement among utilities, resulting in a power charge for each utility. Consistent with the procedure described above, parties are free to propose any allocation method.
- 3) This proceeding is inextricably linked with other proceedings currently before the Commission. Parties should continue to address, on an ongoing basis, the optimum interaction between this proceeding and other proceedings, and may make recommendations to ensure efficiency and consistency between proceedings.
- 4) Given the complex and shifting relationships between the various proceedings currently before the Commission, and the similarly evolving nature of California's energy markets, parties may raise additional issues they believe should be addressed here. While the issues that parties may raise are not limited to those listed above, given the expedited and essential nature of the Commission's review of the above issues, the Commission may choose not to address any other issues in this phase of this proceeding.

### **Procedural Matters**

This proceeding was initially categorized as ratesetting. No party has sought any other categorization. There is also general consensus that evidentiary hearings are necessary.

Anyone who needs assistance with participation in this proceeding should make use of the resources on the Commission's web site, [www.cpuc.ca.gov](http://www.cpuc.ca.gov), or should contact our Public Advisor's Office, which is available to help parties understand how to participate in a proceeding, how to file a pleading, and to

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<sup>6</sup> Please note that DWR's revenue requirement has both a forward-looking aspect for the year 2003, and also a revision or true-up for a past revenue requirement. Parties should address both aspects.

answer other questions about Commission procedure. The northern California office can be reached at 415-703-2074 or [public.advisor@cpuc.ca.gov](mailto:public.advisor@cpuc.ca.gov). The southern California office can be reached at 213-576- 7055 or [public.advisor.la@cpuc.ca.gov](mailto:public.advisor.la@cpuc.ca.gov).

**IT IS RULED** that:

1. The schedule for this proceeding is as described above.
2. The scope of this proceeding is as described above.
3. Administrative Law Judge Allen is the principal hearing officer for this proceeding.
4. This proceeding is categorized as ratesetting.

Dated September 9, 2002, at San Francisco, California.

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/s/ LORETTA M. LYNCH  
Loretta M. Lynch  
Assigned Commissioner

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/s/ GEOFFREY BROWN  
Geoffrey Brown  
Assigned Commissioner

**CERTIFICATE OF SERVICE**

I certify that I have by mail this day served a true copy of the original attached Assigned Commissioners' Ruling and Scoping Memo on all parties of record in this proceeding or their attorneys of record.

Dated September 9, 2002, at San Francisco, California.

/s/ JEANNIE CHANG

Jeannie Chang

**N O T I C E**

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

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The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074, TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.